

Message Text

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PAGE 01 THE HA 03021 101501Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07
L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15
USIA-15 AID-05 COME-00 EB-07 FRB-01 TRSE-00
XMB-04 OPIC-06 LAB-04 EPG-02 SIL-01 OMB-01 STR-04
CEA-01 ITC-01 /106 W
-----110212Z 019773 /63

R 101417Z JUN 77
FM AMEMBASSY THE HAGUE
TO SECSTATE WASHDC 652
INFO AMEMBASSY BRUSSELS
AMEMBASSY PARIS

UNCLAS THE HAGUE 3021

USEC

USOECD

E.O. 11652: N/A
TAGS: EFIN, ECON, ETRD, NL
SUBJ: NETH BANK PRESIDENT ZIJLSTRA WARNS ON PRICES, PROFITS
AND PROTECTIONISM

1. IN A SPEECH TO THE ANNUAL MEETING OF THE RABOBANK, NETH
BANK PRESIDENT DR. JELLEY ZIJLSTRA AGAIN WARNED OF THE DANGER
OF INCRESSED INFLATION IN THE NETHERLANDS. HE NOTED THAT THE
DUTCH SYSTEM OF AUTOMATIC PRICE COMPENSATION TENDED TO DOUBLE
THE EFFECT OF NON-WAGE CAUSE PRICE INCREASES BY FORCING AN
INCREASE IN WAGE COSTS. PRICE INCREASES, HE SAID, ARE CER-
TAIN TO EXCEED THE FORECAST SIX PERCENT FOR THIS REASON.

2. ZIJLSTRA ALSO REINTERATED HIS PAST PLEA FOR AN ALL-OUT
EFFORT TO IMPROVE THE PROFITABILITY OF DUTCH INDUSTRY. HE
SAID THAT PREVENTION OFFURTHER DETERIORATION IS INADEQATE.
IF UNEMPLOYMENT IS NOT TO INCREASE TO 300,000 (FROM PRESENT
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200,000) IN THE COMING YEARS, SOLVENCY AND LIQUIDITY OF FIRMS
MUST BE IMPROVED TO STIMULATE INVESTMENTS, HE WARNED.

3. ZIJLSTRA EXPRESSED SEPCIAL CONCERN ABOUT INCRASING CALLS
FOR IMPORTS CONTROL IN OTHER COUNTRIES. HE SAID THAT PRESENT
PRESENT ECONOMIC CONDITIONS ARE DIFFEREN FRO THOSE OF
THE 1930'S

, BUT THAT IMPORT RESTRICTIONS ARE A SURE WAY TO RETURN
TO SUCH CONDITIONS. BECAUSE OF THE IMPORTANCE OF TRADE TO THE
DUTCH ECONOMY, HE SAID, THE NETHERLANDS MUST BE THE LAST
COUNTRY TO IMPLEMENT RESTRICTIVE TRADE PRACTICES.
MCCLOSKEY

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INFLATION, BANKS, PRICE CONTROLS
Control Number: n/a
Copy: SINGLE
Sent Date: 10-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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